

OFICINAS BUENOS AIRES

Economic indicators

	Q4 17	Q4 18	12-Month Forecast
Unemployment rate (Q2)	8,3%	9,0%	▲
GDP variation (Q2)	4,2%	-3,5%	▼
Inflation index YTD	22,9%	48,5%	▲

Market indicators (Class A)

	Q4 17	Q4 18	12-Month Forecast
Overall vacancy	3,6%	6,3%	▲
Net absorption (sq. m) YTD	60.240	81.460	▲
Under construction (sq. m)	415.670	294.051	▲
Average asking rent (*) (USD/sq. m/month)	33,0	33,0	▬

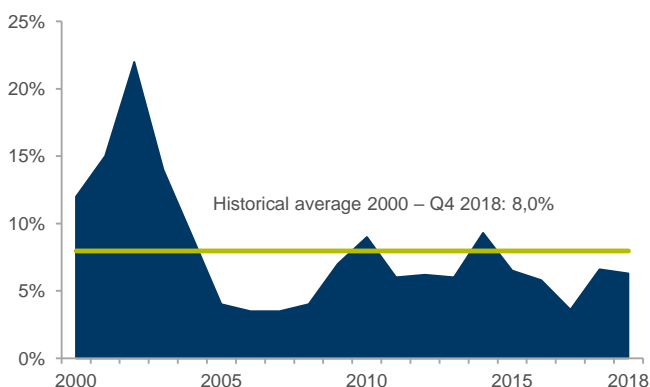
(\*) Corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martín.

Net absorption (sq m) / Asking rent (USD/sq m/month) (Class A)



(\*) Corresponds to average of submarkets Catalinas-Plaza Roma and Retiro-Plaza San Martín.

Overall vacancy (%) (Clase A)



Economic Outlook

All along in the last quarter of the year the effort of the government was focused in curbing the deficit budget, controlling inflation and restoring the calm in the exchange market, all in fragile economic context.

The incipient stabilization of the dollar, achieved after the second agreement with the IMF, at the cost of high interest rates that made the exchange of dollar attractive for bank deposits in pesos all together with the approval of the 2019 budget, they brought certain stability to the economic and political outlook the government is facing.

The reduction in public investment and the high interest rates that make it difficult to take credit, reduce the investment possibilities of companies. As for families, the sudden fall of the power of purchase of real wages, pushes down private consumption. Both put at risk the scenario of future reactivation.

The search for macroeconomic balance continues, despite the intensification of social conflict that is exacerbated by the deterioration of the economy and the adjustment policies agreed upon with the IMF.

Immersed in an adverse economic scenario, the government will have to face the challenge of stabilizing the foreign exchange market and reducing inflation, controlling the recessionary impact of the measures agreed with the IMF about the future election panorama of 2019.

In the external context, the main risk comes from the evolution of the Brazilian economy and from the commercial policies that the new government can encourage.

Market Outlook

Even though the complex economic context the office market closes the year with healthy indicators. The year 2018 was record in the production of new surface, with 122.000 sq. m. delivered approached the historical maximum reached in 2011, pushing the growth of class A office inventory by 10,3%.

The surface taken accompanied the offer and accumulated 133.000 sq. m., figure that shows a 44,9% increase over 2017. Nevertheless, throughout the year 43.500 sq. m. were also release, leaving an annual net absorption of 81.460 sq. m., a %35,2% more than in 2017.

Good performance in demand compensated the growth registered in the surface released, (+83% respect of 2017), so the vacancy only registered an slightly increase of 1,45 percentage points between the first and fourth quarter of 2018.

Regarding fourth quarter activity, vacancy descended up to 6,3%. In terms of square meters availability reached 82.500 sq. m., 1,7% below the available surface in the previous quarter. Available surface was equally distributed between the CBD and NON CBD area, however vacancy in CBD was 4,8%, 4,5pp less than in NON CBD. For submarkets, Corredor Panamericana concentrates 36,7% of the total, followed by Catalinas-Plaza Roma (19,3%) and Puerto Madero (18,5%)

The net absorption of the quarter was of 36.400 sq. m, 96% of which corresponded to Centro Sur submarket, particularly to the new headquarters of Banco Santander. The rest corresponds to Libertador GBA corridor, where a coworking company occupied Open Office 770 building.

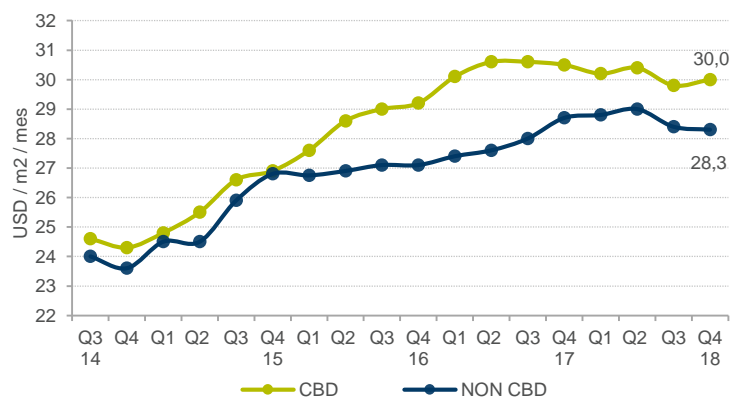
### 2018 WAS RECORD IN THE PRODUCTION OF NEW SURFACE, BOOSTING THE GROWTH OF CLASS A OFFICE INVENTORY

In terms of price, the building characteristics, the age and the building maintenance with available surface sets the trend for asking rent. At fourth quarter closure there was a slightly increase of 0,7% in the CBD area, prompt by specific availability in representative buildings in Puerto Madero and Catalinas. On the other hand, in NON CBD the increase of availability in Panamericana corridor somehow depressed the asking rent price, with respect to the previous quarter.

As far as future surface, it is estimated that the projects may come near 695.000 sq. m, 48% of which corresponds only to the future zone of Catalinas II. It is expected that these projects will push back the companies back to the center of the city.

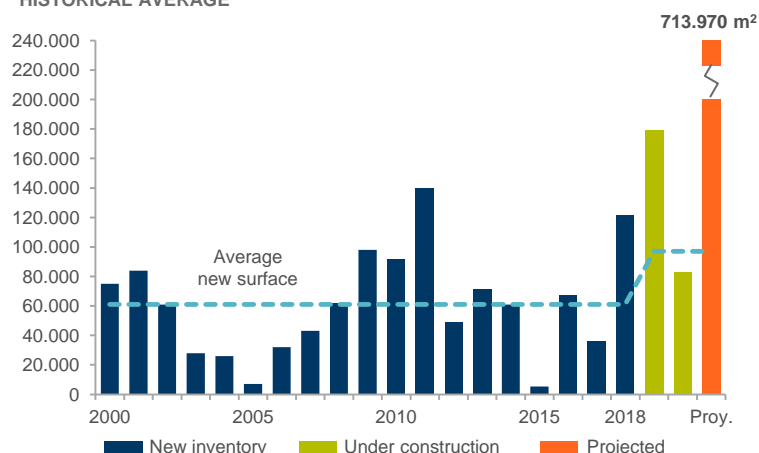
Asking rent(USD/sq m/month) CBD / NON CBD

THE ASKING RENT IN THE NON CBD ÁREA DECREASE A 1,7% IN COMPARISON TO THE PREVIOUS QUARTER



New inventory (sq m) / Projected surface (sq m)

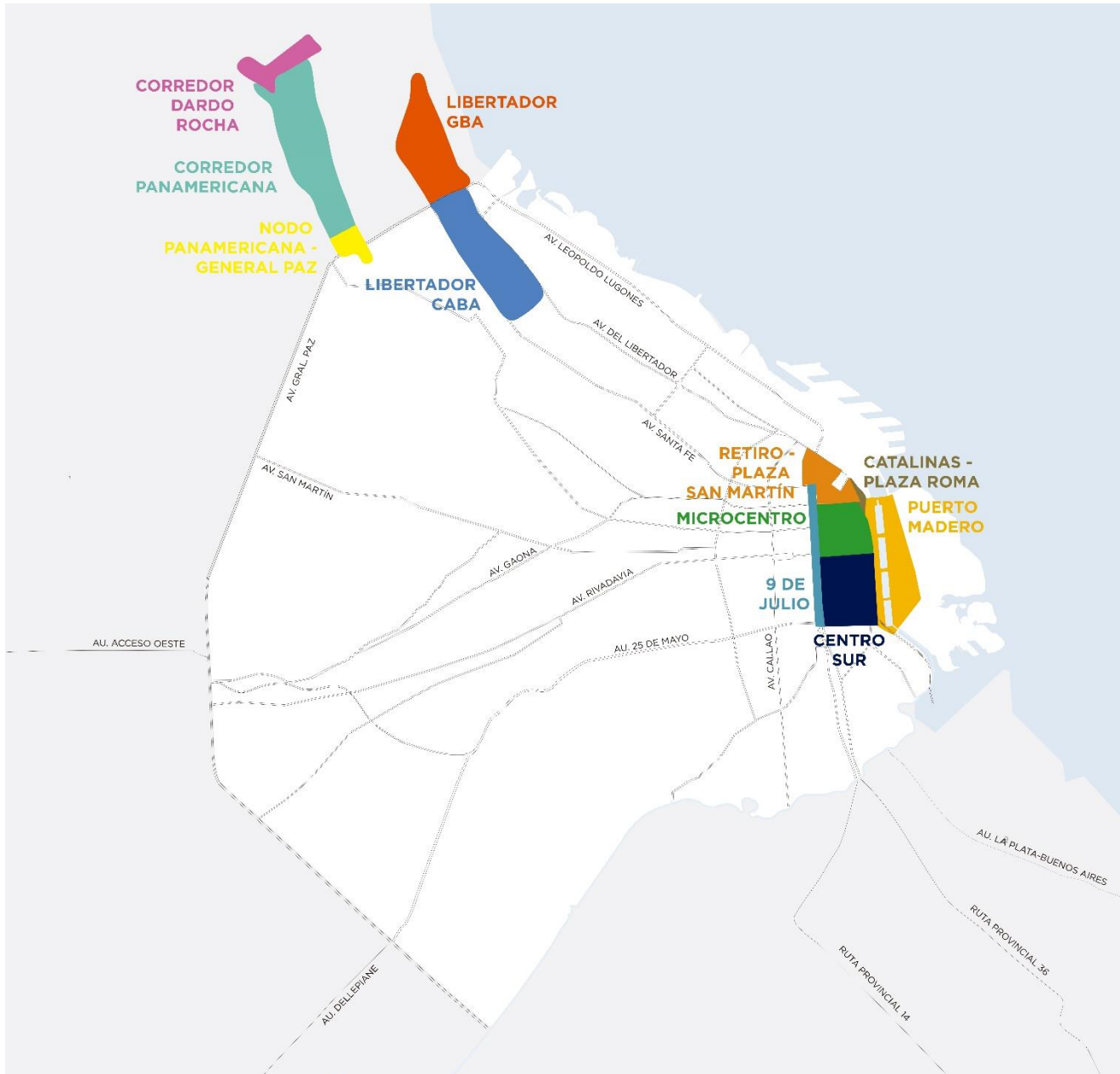
UNDER CONSTRUCTION AND PROJECTED SPACE RISES 60% OVER THE HISTORICAL AVERAGE



SUBMARKET	INVENTORY CLASS A	SURFACE AVAILABLE (SQM)	VACANCY RATE (%)	AVERAGE ASKING RENT (USD/SQM/MONTH)	UNDER CONSTRUCTION (SQM) (*)	PROJECTED (SQM) (*)
Catalinas-Plaza Roma	339.650	15.952	4,7%	37,0	35.200	330.500
Puerto Madero	243.170	15.251	6,2%	28,0	11.650	30.300
Microcentro	68.910	6.561	9,5%	27,0	23.500	-
Retiro-Plaza San Martín	77.445	3.235	4,2%	29,0	-	-
9 de Julio	73.990	592	0,8%	29,0	13.800	-
Centro Sur	59.160	-	-	-	18.400	19.500
<b>CBD</b>	<b>862.318</b>	<b>41.591</b>	<b>4,8%</b>	<b>30,0</b>	<b>102.550</b>	<b>380.300</b>
Corredor Panamericana	222.209	30.265	13,6%	25,0	37.287	65.880
Corredor Dardo Rocha	-	-	-	-	14.600	-
Nodo Panamericana - General Paz	107.860	10.376	9,6%	27,0	13.760	134.560
Libertador GBA	95.706	275	0,3%	30,0	31.853	74.830
Libertador CABA	12.385	-	-	31,0	62.000	58.400
<b>NON CBD</b>	<b>438.159</b>	<b>40.138</b>	<b>9,3%</b>	<b>28,3</b>	<b>159.500</b>	<b>333.670</b>
<b>BUENOS AIRES TOTAL CLASS A</b>	<b>1.300.477</b>	<b>82.507</b>	<b>6,3%</b>	<b>29,1</b>	<b>262.050</b>	<b>713.970</b>

(\*) Corresponds to rentable surface according to the available information.

## OFFICE MARKET MAP WITH SUBMARKET DIVISION BUENOS AIRES / ARGENTINA



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